

Before the
SURFACE TRANSPORTATION BOARD

**READING BLUE MOUNTAIN AND
NORTHERN RAILROAD COMPANY
- ABANDONMENT EXEMPTION –
IN SCHUYLKILL COUNTY, PA**

STB Docket No. AB-996X

**REPLY OF READING BLUE MOUNTAIN AND
NORTHERN RAILROAD COMPANY
TO PETITION OF READING ANTHRACITE COMPANY
TO TOLL 30-DAY PERIOD**

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Dated: September 18, 2006

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On August 1, 2006, Reading Blue Mountain and Northern Railroad Company ("RBMN") filed a notice of exemption to abandon a 1.2 mile rail line that is part of its Minersville Branch, located in Schuylkill County, Pennsylvania. The Board served a notice of the exemption on August 21, 2006. The exemption was scheduled to be effective on September 20, 2006.

Reading Anthracite Company ("RAC") timely filed a notice of intent to file an offer of financial assistance in the form of a subsidy. Under the Board's rules, RAC's offer of financial assistance would have been due on September 20, 2006.

RAC's notice of intent also requested the RBMN provide it certain information. RBMN notified RAC that its President was unavailable and that it would not be able to respond to RAC's request until he returned. RAC accordingly filed a petition to toll the period for submitting an offer of financial assistance.

RAC was the last shipper on the line, but has not used rail service on the line for over three years. RBMN does not believe that RAC has any intention of using the line for freight service in the foreseeable future. RBMN does not believe that RAC has the intention to, or will be able to submit a *bona fide* offer of financial assistance *for continued rail service* as required

by 49 USC 10904 and the Board's regulations. Rather, RBMN believes that RAC is attempting to delay this proceeding without any reasonable justification. Despite these concerns, attached as Appendix A to this Reply is RBMN's response to the RAC's requests for information. The information reflects RBMN's internal estimates based on information in RBMN's possession.¹

RAC requested that it be provided 20 days from when it received the requested information to prepare its offer of financial assistance. As noted above, RBMN believes that RAC is using the Board's procedures merely to delay this abandonment, and RBMN's ability to use the track and track materials elsewhere on the railroad, or to use the proceeds from their sale. If the abandonment is delayed significantly, RBMN will not be able to enjoy the benefits of the abandonment this year, and will likely not be able to salvage the line until the spring at the earliest. RBMN believes that 10 days from today's submission of the requested information should be sufficient time for RAC to submit its offer of financial assistance given RAC's familiarity with the area and the line.²

¹ Because RBMN is a Class III carrier it does not maintain detailed on and off-branch costs. Additionally, RBMN has not at this point obtained any formal appraisals or estimates.

² With applications and petitions for exemption, offers of financial assistance are generally due within 10 days after service of a Board decision granting the application or petition. 49 CFR 1152.27(b)(1) and (2)(i).

Accordingly, while RBMN does not oppose the tolling of the period for submission of an offer of financial assistance, it believes that the Board should require that the offer be submitted by September 28, 2006.

Respectfully submitted,



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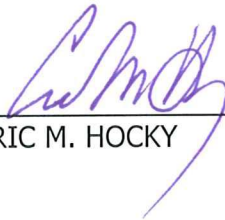
Attorneys for Reading Blue Mountain and Northern
Railroad Company

DATED: September 18, 2006

CERTIFICATE OF SERVICE

I hereby certify that on this date a copy of the foregoing Reply was served on the following person electronically and by first class mail, postage prepaid:

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ERIC M. HOCKY

Dated: September 18, 2006

APPENDIX A

REQUESTED INFORMATION

**Reading Blue Mountain and Northern Railroad Company –
Abandonment Exemption in Schuylkill County, PA**

Docket No. AB-996X

RBMN Response to Information Requested

1. Cost to repair track and bridges to FRA Class I condition (see attached detail):
\$151,182.52
2. Value of rail and rail material (see attached detail)
\$156,422.50
3. Value of real estate 15.4 acres @ \$10,000 an acre
\$154,000.00

Acreage of property that is being abandoned:

- a. MP 7.6 -- 7.75 1 acre
- b. MP 7.75 -- 8.00 3.4 acres
- c. MP 8.00 -- 8.25 5.2 acres
- d. MP 8.25 -- 8.50 2.6 acres
- e. MP 8.50 -- 8.75 2.6 acres
- f. MP 8.75 -- 8.8 .6 acres

Total -----15.4 acres

All values are internal estimates based on available information in RBMN's possession.

Estimated subsidy¹ (cost of repairs plus return (10.1%) on value of land and track and track materials):
\$182,535.19,
plus indemnity for any RBMN casualty losses or insurance to cover RBMN deductible (\$250,000)

¹ Under 49 USC 10904(f)(4)(B), the subsidy arrangement cannot remain in effect for more than one year unless the parties mutually agree.

Minersville Abandonment Track Report 9/15/06

Inventory on Abandonment Portion of Minersville Branch. Current Value of Materials

Type	Quantity	Pounds	Tons	Cost Each	Total
Feet of 130 HF Re-roll	390'	16900	8.45	\$ 315.00	\$ 2,661.75
Feet of 100 PR Re-roll	9603'	320100	160.05	\$ 315.00	\$ 50,415.75
# of 130 HF Turnouts #8	1			\$ 7,500.00	\$ 7,500.00
# of 100 PR Turnouts #8	4			\$ 6,500.00	\$ 26,000.00
# of 130 RE Turnouts #8	1			\$ 9,000.00	\$ 9,000.00
# of 130 HF Joint Bars	20 pr.			\$ 10.00	\$ 200.00
# of 100 PR Joint Bars	582 pr.			\$ 8.00	\$ 4,656.00
# of Tie Plates	9992			\$ 3.50	\$ 34,972.00
Spikes and Anchors	35 Tons		35	\$ 315.00	\$ 11,025.00
# of 7x9 Cross-ties	4996			\$ 2.00	\$ 9,992.00
Total Materials					\$ 156,422.50

Costs to put track back in service to FRA class 1

Work Item	Cost
Cut Brush	\$ 20,000.00
Weed Spray	\$ 750.00
Regulate Tracks	\$ 20,000.00
Repair Washout	\$ 3,500.00
Repair Bridge 3.8	\$ 18,201.28
Repair Bridge 7.45	\$ 59,154.16
Repair Bridge 7.9	\$ 29,577.08
Total	\$ 151,182.52